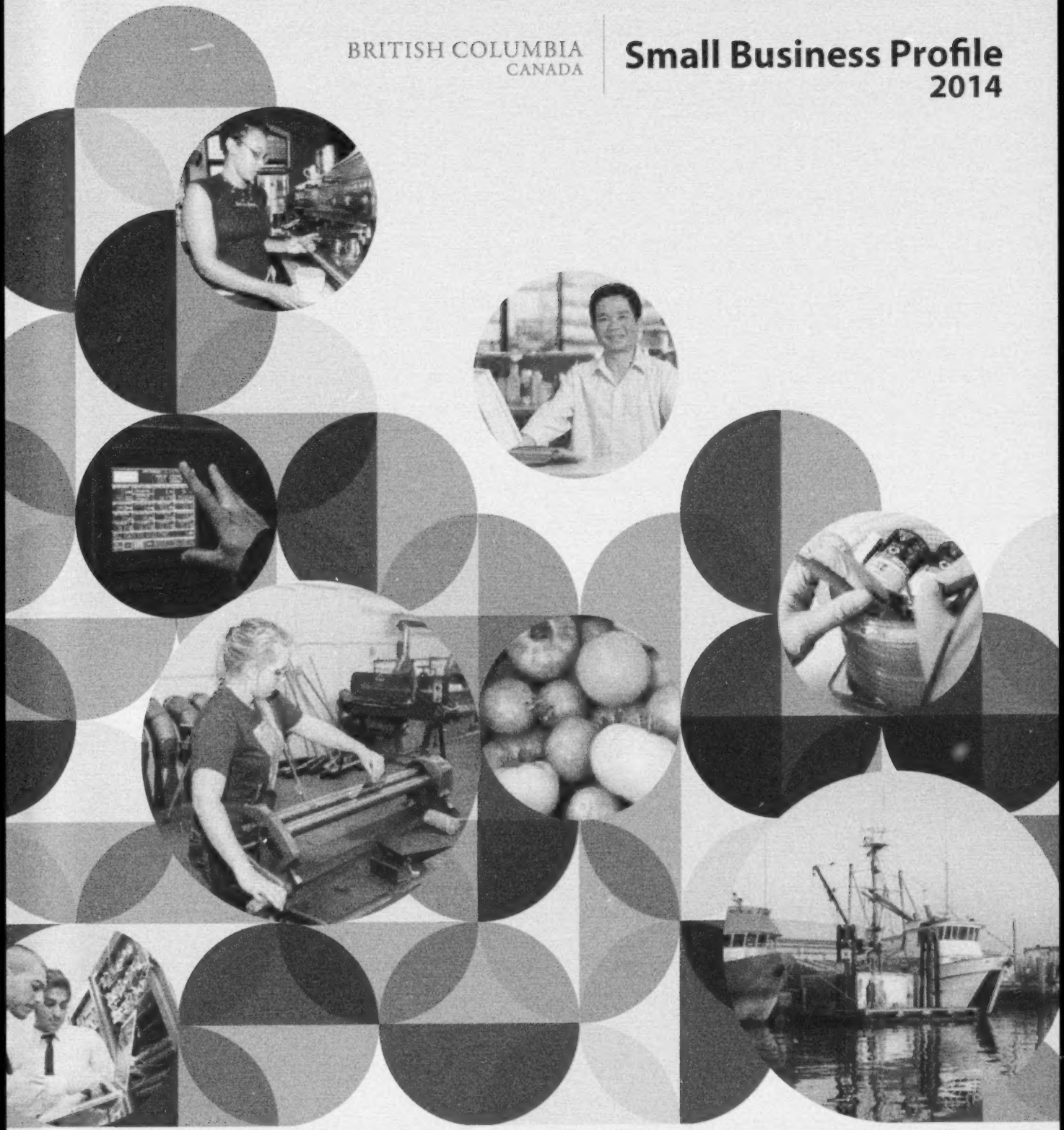
BRITISH COLUMBIA
CANADA

Small Business Profile
2014



BRITISH COLUMBIA

Ministry of
Jobs, Tourism
and Skills Training

BRITISH COLUMBIA

BCStats

SMALL BUSINESS PROFILE 2014

A profile of small business in British Columbia

Information on programs and services for small businesses can be obtained by contacting:

Small Business BC
601 West Cordova St.
Vancouver, BC V6B 1G1
Telephone: 604.775.5525
Toll Free: 1.800.667.2272
Internet: **www.smallbusinessbc.ca**

Statistics related to small business are available at:

BC Stats
553 Superior St.
Box 9410 Stn Prov Govt
Victoria, BC V8W 9V1
Telephone: 250.387.0327
Internet: **www.bcstats.gov.bc.ca**

Information on provincial government programs and services can be found at:

Ministry of Jobs, Tourism and Skills Training
Small Business Branch
Box 9822 Stn Prov Govt
Victoria, BC V8W 9N3
Telephone: 250.387.4699
Fax: 250.925.0113
Internet: **www.gov.bc.ca/jtst/**

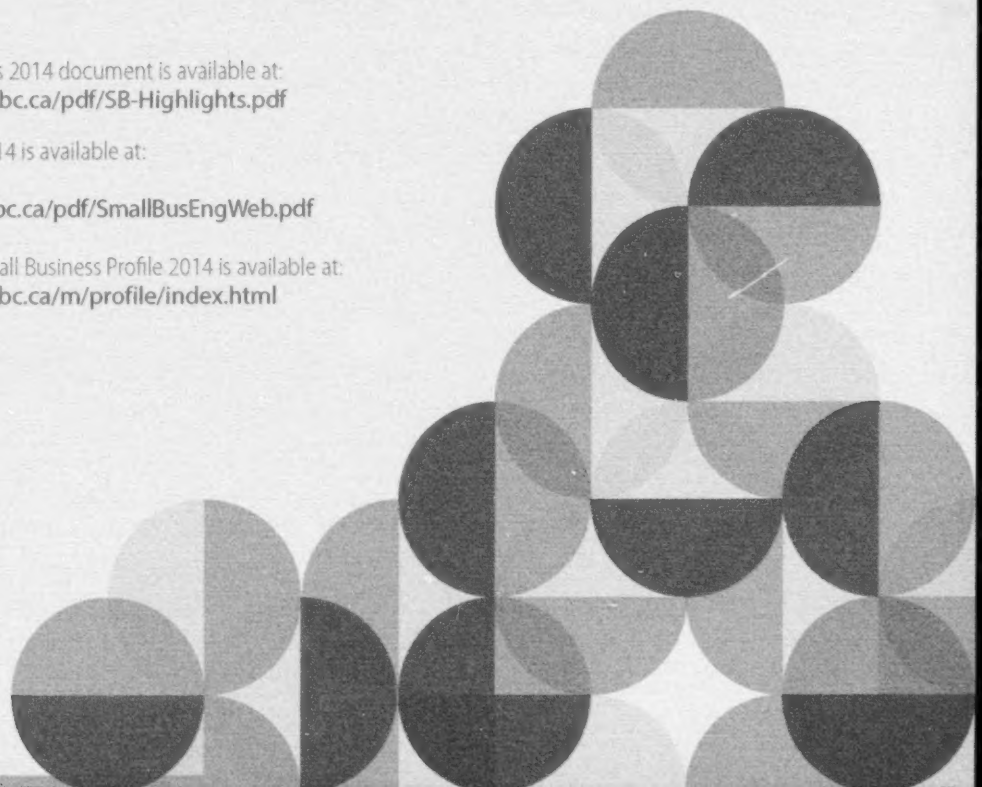
CONTENTS

Preface	1
Highlights	2
1 | Small Business Growth	3
2 | Small Business Employment	13
3 | Profile of Self-Employed in British Columbia	18
4 | Contribution to the Economy	22
5 | Small Business Exporters	25
Technical Notes	28
Appendix 1	29
Appendix 2	33

The Small Business Highlights 2014 document is available at:
www.resourcecentre.gov.bc.ca/pdf/SB-Highlights.pdf

The Small Business Profile 2014 is available at:
www.bcstats.gov.bc.ca
www.resourcecentre.gov.bc.ca/pdf/SmallBusEngWeb.pdf

The mobile version of the Small Business Profile 2014 is available at:
www.resourcecentre.gov.bc.ca/m/profile/index.html



PREFACE

Small Business Profile 2014: A Profile of Small Business in British Columbia is an update of previous versions published annually since 1997. The 2014 report reflects data from 2012 for information on small business exporters and 2013 for information on all other indicators. These are the most recent years for which data are available. This report is designed to answer some common questions about the role of small business in British Columbia by examining trends in growth and, where possible, offering cross-provincial comparisons. Key indicators examined in this report include the number of businesses, employment and earnings, contribution to the economy, industry distribution, regional details, and the role of small business exporters.

Statistical information in this report was prepared by BC Stats using data provided by Statistics Canada from various statistical databases, such as the *Business Register*, the *Survey of Employment, Payrolls and Hours*, the *Labour Force Survey* and the *Exporter Register*.

Small Business Profile 2014 is produced by the British Columbia provincial government. The report was prepared by BC Stats in the Ministry of Technology, Innovation and Citizens' Services in partnership with the Ministry of Jobs, Tourism and Skills Training.

HIGHLIGHTS

- **Small Business** – There were approximately 382,200 small businesses operating in British Columbia in 2013, representing about 98 per cent of all businesses in the province. About 81 per cent of these small businesses were micro-businesses with fewer than five employees.
- **Small Businesses Per Capita** – British Columbia ranked first in the country in terms of small businesses per capita in 2013, with 83.4 small businesses per 1,000 people. The national average was 70.1.
- **Regional Focus** – Mainland/Southwest recorded the fastest net growth in the number of small businesses between 2008 and 2013, at 1.9 per cent.
- **Employment** – In 2013, an estimated 1,032,900 people worked in small businesses in British Columbia. These jobs accounted for 55 per cent of private-sector employment in the province, well above the national average of 49 per cent and enough to rank British Columbia second in the country.
- **Employment Change** – There was a 0.7 per cent reduction in employment in British Columbia's small business sector between 2012 and 2013. Both the numbers of self-employed (-0.5 per cent) and employees of small businesses (-0.9 per cent) declined.
- **Industry** – The accommodation and food services industry was the largest provider of new small business jobs in British Columbia between 2008 and 2013. Employment in this industry climbed 9.1 per cent creating approximately 8,200 net new jobs over the five-year period.
- **Self-Employed** – Approximately 38 per cent of the self-employed in British Columbia are women, above the national average.
  - On average, the self-employed tend to be older, are more often men and are more likely to work longer hours than paid employees.
- **Gross Domestic Product** –British Columbia small businesses generated approximately 31 per cent of the province's gross domestic product in 2013, well above the Canadian average of 29 per cent.
- **Earnings** – In 2013, small business provided almost 32 per cent of all wages paid to workers in British Columbia, the highest share of all provinces. The national average was 26 per cent.
- **Exports** – British Columbia small businesses shipped approximately $14.4 billion worth of merchandise to international destinations in 2012, accounting for almost half the total value of goods exported from the province.

BREAKDOWN OF BUSINESSES IN BRITISH COLUMBIA, 2013

	Number of Businesses	Per cent of total
TOTAL SMALL BUSINESSES	**382,200**	**98%**
Self-employed without paid help[1]	205,800	53%
Businesses with less than 50 employees	176,400	45%
TOTAL LARGE BUSINESSES	**7,200**	**2%**
TOTAL ALL BUSINESSES	**389,400**	**100%**

1 Incorporated self-employed are not included in this figure to avoid double-counting, since they are already included in the count of businesses with fewer than 50 employees.

Source: BC Stats using data supplied by Statistics Canada

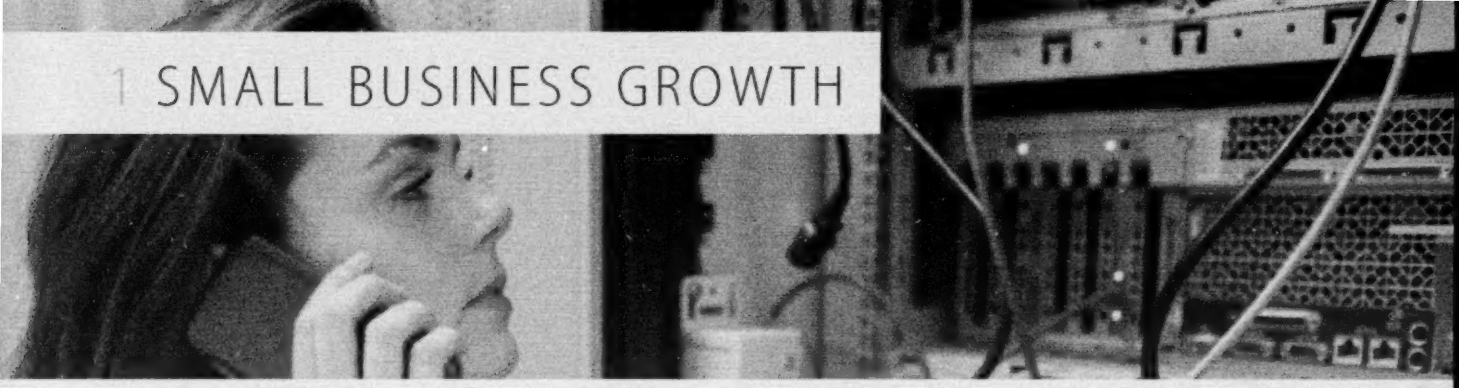
NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2013

	With paid help	Without paid help	Total	Per cent
Incorporated	101,000	79,000	180,000	43%
Unincorporated	29,500	205,800	235,300	57%
TOTAL SELF-EMPLOYMENT	**130,500**	**284,800**	**415,300**	**100%**

Source: Statistics Canada / Prepared by BC Stats

For more information on incorporation, please see chapter 3.

1 SMALL BUSINESS GROWTH



Small business is an integral component of the British Columbia economy and is a key contributor to economic growth and job creation in the province. The small business sector is the primary provider of private-sector jobs in the province and is also a vital source of innovation. For example, in 2013, 98 per cent of all businesses in the province and 96 per cent of high technology businesses in British Columbia were small businesses.

Given its impact on the provincial economy, it is important to monitor the performance of the small business sector. Measures such as business counts, employment, GDP and revenues are useful indicators that offer an objective view of the size and health of the sector.

What is a small business?

Although there are a number of different ways a small business can be defined, the most commonly used definition focuses on the number of employees. In British Columbia, a small business is defined as one with fewer than 50 employees, or a business operated by a person who is self-employed, without paid help.

How many businesses operate in British Columbia and is that number growing?

In 2013, British Columbia was home to a total of 389,400 businesses. Of these, 382,200, or 98 per cent, were classified as small businesses. More than half (53 per cent) of all businesses in the province were run by self-employed individuals with no paid help. Ontario (56 per cent), Saskatchewan (55 per cent) and Manitoba (54 per cent) all had a greater ratio of solo entrepreneurs compared to British Columbia. The national average was 52 per cent.

In 2013, there was a modest decrease in the number of small businesses operating in British Columbia. The decline was due to a 5.1 per cent drop in the number of self-employed unincorporated businesses with no paid help, as the number of businesses with employees climbed 4.4 per cent. This could be an indication of people returning to the employee workforce after having resorted to self-employment when paid employment became hard to find during the difficult economic times that began with the global economic downturn starting in late 2008.

A business is defined as a small business if it is either:

- a business with fewer than 50 employees
- a business operated by a self-employed person with no paid help

A *micro-business* is defined as a small business with fewer than five employees.

Incorporated businesses

Incorporated businesses consist of those organized and maintained as legal corporations. A corporation is created (incorporated) by one or more shareholders who have ownership of the corporation, represented by their holding of common stock.

Self-employed

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. The self-employed can be categorized as either *incorporated* or *unincorporated.*

Each of these classifications can be further divided between those operating *with paid help* (i.e., with employees) or *without paid help* (i.e., working by themselves). This produces four major categories of self-employed workers.

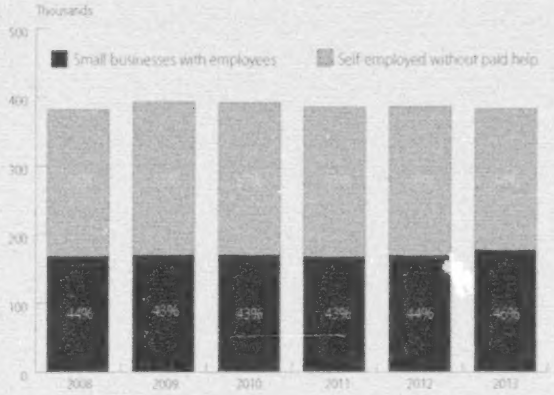
Unincorporated businesses

Unincorporated businesses consist of those not organized and maintained as legal corporations, and wherein the tie between members need not be a legally enforceable contract.

This is the fourth consecutive year that the number of self-employed without paid help has fallen. The count of small businesses with employees has increased in each of the last two years. The same is true for the number of larger businesses (with 50 or more employees), including a 4.3 per cent increase in 2013.

FIGURE 1.1

NUMBER OF SMALL BUSINESSES IN BRITISH COLUMBIA, 2008-2013



Source: BC Stats using data supplied by Statistics Canada

What is the size distribution of small businesses?

Most of the small businesses in British Columbia are classified as micro-businesses: those with fewer than five employees. There were 310,100 businesses fitting this description in 2013, accounting for 81 per cent of the province's small businesses. Self-employed persons without paid help made up 54 per cent of all small businesses, while those small businesses with one to four employees comprised 27 per cent of the total. Businesses with five or more employees represented 19 per cent of the province's small businesses.

FIGURE 1.2

SIZE DISTRIBUTION OF SMALL BUSINESSES IN BRITISH COLUMBIA, 2013

	Number of Businesses	Per cent of total
TOTAL BUSINESSES WITH 0 TO 4 EMPLOYEES	310,100	81%
Self-employed without paid help†	205,800	54%
Businesses with 1 to 4 employees	104,300	27%
BUSINESSES WITH 5 TO 9 EMPLOYEES	36,000	9%
BUSINESSES WITH 10 TO 19 EMPLOYEES	22,100	6%
BUSINESSES WITH 20 TO 49 EMPLOYEES	14,000	4%
TOTAL SMALL BUSINESSES	**382,200**	**100%**

† Incorporated self-employed are not included in this figure to avoid double-counting, since they are already included in the count of businesses with fewer than 50 employees.

Source: BC Stats using data supplied by Statistics Canada

From 2008 to 2013, the number of small businesses in the province edged up by 0.2 per cent. Most of this growth occurred in 2009 when a significant boost in the number of micro-businesses triggered a 2.9 per cent jump in the overall count of small businesses. The only other increase in the last five years was a marginal 0.2 per cent rise in 2012.

Over the five-year period, a 3.5 per cent drop in self-employed persons without paid help offset much of the 5.0 per cent growth in small businesses with employees. The overall 0.2 per cent increase translated to a net gain of around 900 small businesses from 2008 to 2013. Over the same period, the province saw the number of large businesses rise 3.1 per cent, a net increase of 200 businesses.

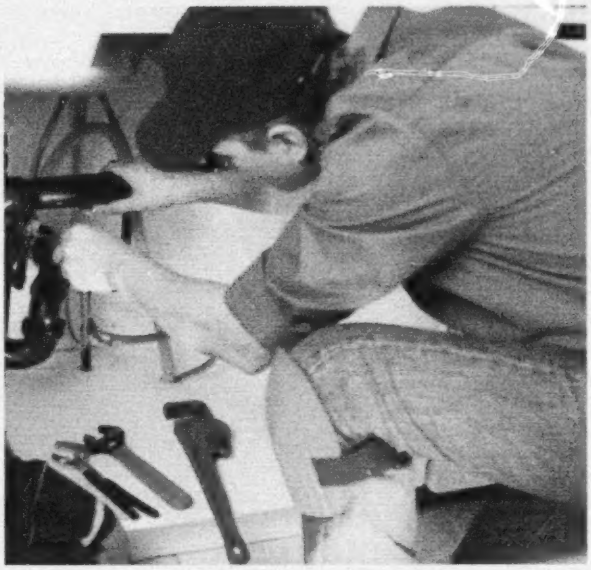
FIGURE 1.3:

GROWTH IN NUMBER OF BRITISH COLUMBIA BUSINESSES, 2008-2013

	Growth (#)	Growth rate
TOTAL SMALL BUSINESSES*	**900**	**0.2%**
Self-employed without paid help	-7,500	-3.5%
Businesses with 1 to 4 employees	6,800	7.0%
Businesses with 5 to 9 employees	200	0.5%
Businesses with 10 to 19 employees	600	2.6%
Businesses with 20 to 49 employees	900	6.6%
TOTAL LARGE BUSINESSES	**200**	**3.1%**
TOTAL ALL BUSINESSES	**1,100**	**0.3%**

* Figures do not add due to rounding.

Source: BC Stats using data supplied by Statistics Canada



In which sectors are small businesses concentrated?

Small businesses in B.C. are involved in a wide range of activities, ranging from family-operated restaurants, to self-employed software programmers, to small industrial operations. Around 80 per cent of all small businesses in the province are in the service sector, a proportion similar to large businesses, of which 79 per cent are in the service sector.

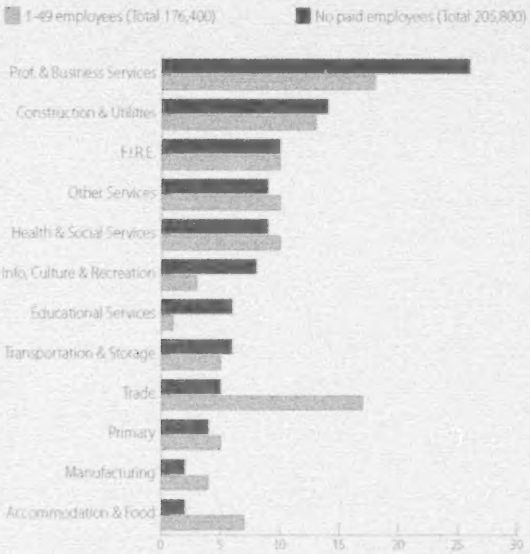
In 2013, professional and business services accounted for the largest portion of the small business service sector, with 22 per cent of small businesses classified in that industry aggregation. It includes a diverse range of industries such as computer systems design, accounting services, office administrative services and veterinary services. Construction and utilities[1] ranked second, comprising 13 per cent of small businesses, followed by wholesale and retail trade at just under 11 per cent.

Some industry groups, such as professional and business services, and information, culture and recreation, are more concentrated among businesses with no employees. Others, such as wholesale and retail trade, and accommodation and food, are more likely to have employees. Figure 1.4a shows the industry breakdown for small businesses with employees compared to that for businesses operated by a self-employed person with no staff. Figure 1.4b provides the same dissection for small business overall.

[1] Note that utilities comprise only a small portion of this industry aggregation.

FIGURE 1.4A

SMALL BUSINESSES, WITH AND WITHOUT EMPLOYEES, BY INDUSTRY, 2013

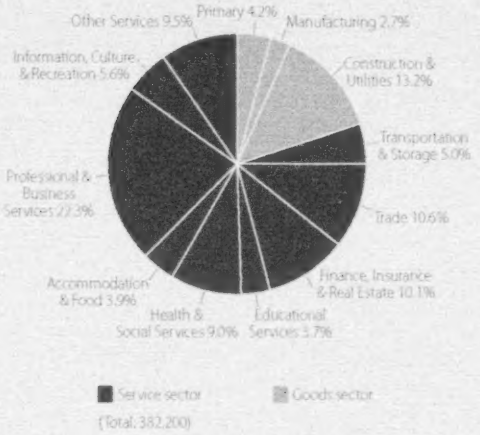


Note: "Primary" is comprised of the agriculture, forestry, fishing, mining, oil and gas industries.

Source: BC Stats using data supplied by Statistics Canada.

FIGURE 1.4B

TOTAL SMALL BUSINESSES WITH 0-49 EMPLOYEES, 2013



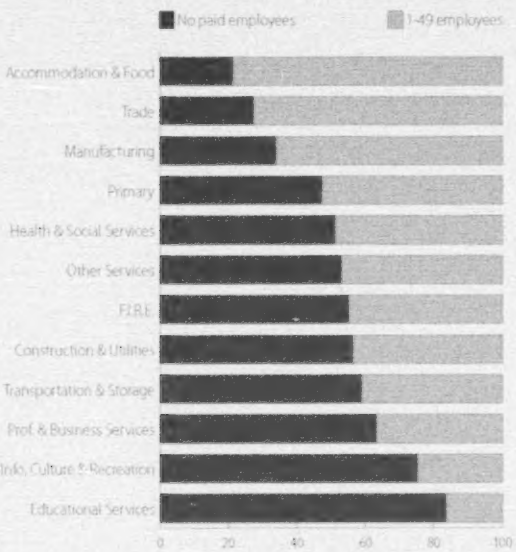
Note: "Primary" is comprised of the agriculture, forestry, fishing, mining, oil and gas industries.

Source: BC Stats using data supplied by Statistics Canada.

In the goods sector, construction is the most significant industry, accounting for 13 per cent of all small businesses in the province. Construction is more amenable to smaller operations than most other goods sector industries, such as those involved in manufacturing or resource extraction.

FIGURE 1.5

SMALL BUSINESSES BY INDUSTRY, PROPORTIONS WITH AND WITHOUT EMPLOYEES, 2013



Note: "Primary" is comprised of the agriculture, forestry, fishing, mining, oil and gas industries.

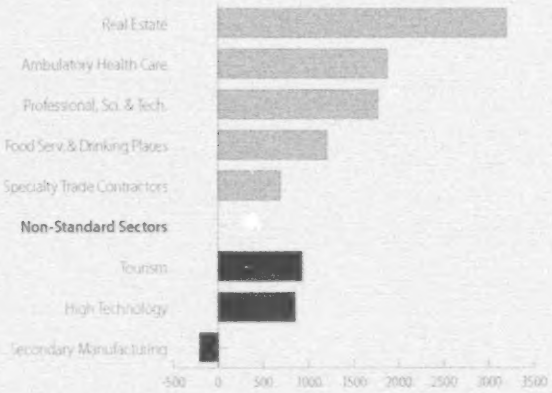
Source: BC Stats using data supplied by Statistics Canada

Which industries show the greatest increase in the number of small businesses?

In British Columbia, the real estate sector is the leader in small business growth. Between 2008 and 2013, there was a net addition of 3,196 small businesses in real estate. Most of the growth occurred in 2012. Ambulatory health care services ranked second with respect to growth in small businesses, with a net addition of 1,874, followed by professional, scientific and technical services, with 1,771 net new businesses added over the five-year period.

FIGURE 1.6

NUMBER OF NET NEW SMALL BUSINESSES – FASTEST GROWING SECTORS IN BRITISH COLUMBIA, 2008-2013



Note: Excludes self-employed without paid help.

Source: BC Stats using data supplied by Statistics Canada

Non-Standard Industries

This section contains information on non-standard industries that are not defined under the North American Industry Classification System (NAICS) used by Statistics Canada. The tourism, high technology and secondary manufacturing sectors are called "non-standard industries" in this report and are in fact composites of smaller parts of traditionally defined industries under NAICS. Tourism, for example, includes data from parts of the transportation industry, accommodation and food services, and information, culture and recreation services, among others. High technology includes both manufacturing and services components.

Historically, British Columbia's economy was dominated by resource extraction-based industries, particularly forestry and mining. Although those industries are still important, they have been partially supplanted by sectors such as tourism and high technology, which continue to grow and have become entrenched as critical sectors in the provincial economy. While the secondary manufacturing sector has not seen much growth and has, in fact, experienced some reductions in business counts over the last decade, it is still important, as adding value to goods stands out as a potential source of future economic growth in the province.

High technology and tourism, in particular, are well-suited for development by small business as they are not reliant on capital-intensive resource extraction activities. For example, in the high technology sector, small businesses comprise almost 96 per cent of employers.[2] Innovation is the basis for growth in this sector and the work can be accomplished with a small number of employees working in small plants, offices, or even homes.

Between 2008 and 2013, both the tourism and high technology sectors saw an increase in small businesses. Tourism led the way with a net addition of 933 new businesses, while high technology added 857 net new businesses. However, the province's secondary manufacturing sector experienced a net loss of 205 businesses over the period. Following the global economic downturn that occurred late in 2008, there were significant declines in the number of small businesses in the sector. Even before the downturn, the sector had faced small business reductions. In fact, there were five consecutive years where the number of secondary manufacturing small businesses dropped, before a small increase in 2012. In 2013, there was a 4.5 per cent jump in the number of small businesses in the secondary manufacturing sector.

North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system used in Canada, the United States and Mexico, which is designed to provide common definitions of the industrial structure of the three countries. NAICS is Statistics Canada's comprehensive system encompassing all economic activities. It has a hierarchical structure: at the highest level, it divides the economy into 20 sectors; at lower levels, it further distinguishes the different economic activities in which businesses are engaged.

Non-Standard Sector Definitions

Tourism includes industries such as transportation, accommodation, food services and other tourism-related activities. (Further information on the **tourism sector** is available online.)

High technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included. (Further information on the **high technology** sector is available online.)

Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. On the other hand, a factory producing wooden doors with lumber obtained from sawmills is a secondary manufacturer.

[2] Data for self-employment by industry are only available at a large industry aggregation and cannot be calculated for non-standard industries, such as high technology and tourism. Therefore, in order to maintain consistency and to enable a finer examination by industry, the industry figures are for businesses with paid employees only and may differ from other parts of this report.

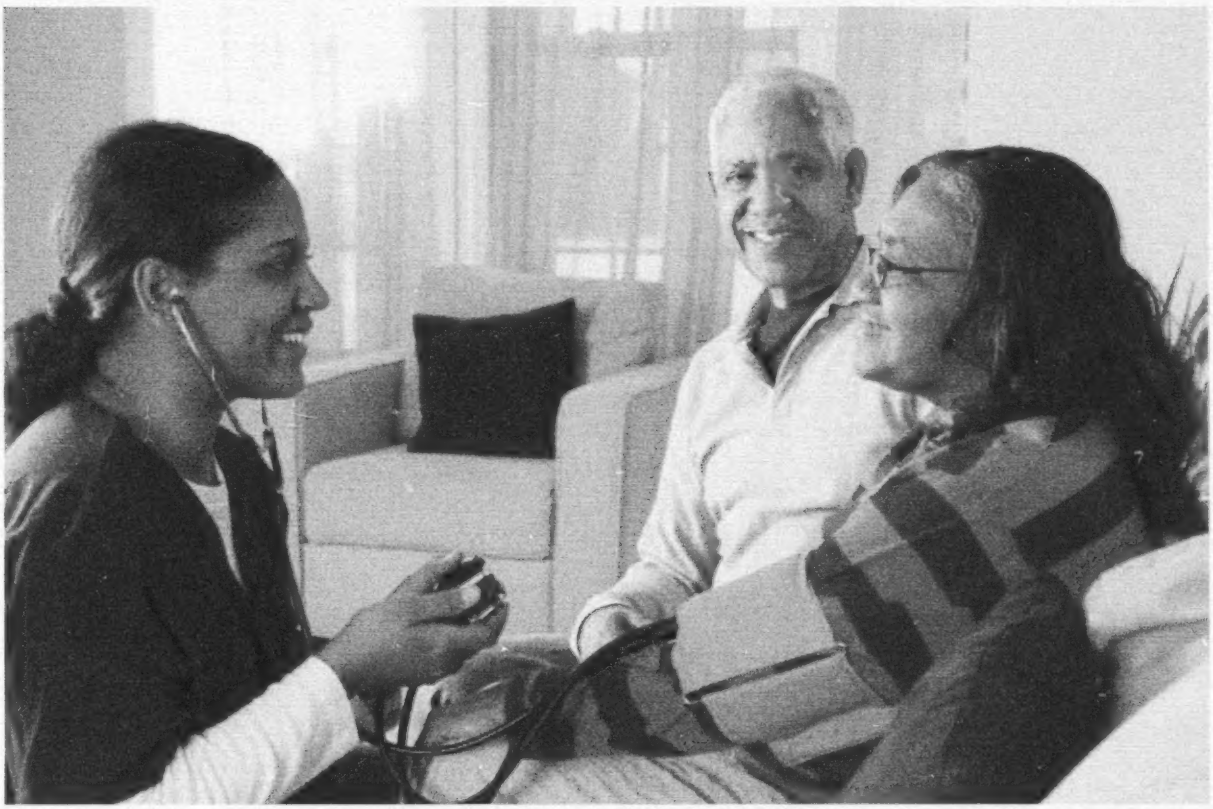
Which industries show the fastest rates of growth in new businesses?

Among the standard industries,[3] between 2008 and 2013, the fastest rate of growth in number of small businesses was for those involved in other information services, at 60.7 per cent. Included in this industry are organizations such as stock photo agencies and Internet publishing firms. There were also four other industries that had growth in small business counts of greater than 50 per cent: Data processing, hosting and related services (+58.5 per cent); nursing and residential care (+52.5 per cent); real estate (+52.0 per cent); and non-store retailers (+51.0 per cent).

FIGURE 1.7

SECTOR GROWTH RATES FOR NUMBER OF SMALL BUSINESSES, 2008-2013

Note: Excludes self-employed without paid help.
Source: BC Stats using data supplied by Statistics Canada



[3] Data for industries with fewer than 100 small businesses are excluded from ranking in the sub-sector growth analysis in order to avoid inflated growth rates for industries with smaller numbers of businesses (e.g., an increase of one business in an industry with just one business to begin with would equal a 100 per cent rate of growth).

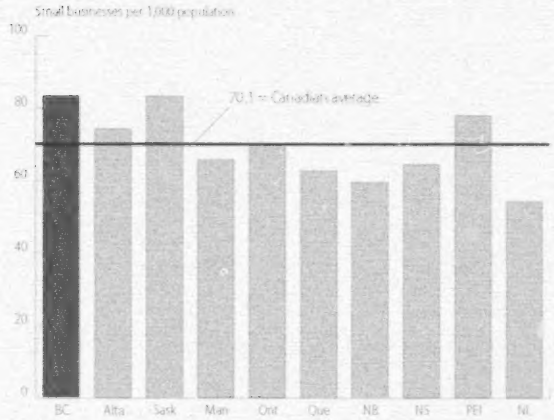
Among the non-standard sectors, the strongest growth between 2008 and 2013 was in high technology, which added new businesses at the rate of 10.1 per cent. The tourism sector also experienced growth, with small business counts rising 6.0 per cent. Despite increases in each of the last two years, over the entire five-year period, secondary manufacturing recorded a 3.3 per cent loss in small businesses.

How does the prevalence of small business in British Columbia compare with other provinces?

There tend to be higher concentrations of small businesses in Western Canada, compared to the rest of the country. In terms of small businesses per capita, British Columbia ranked first among the provinces, with 83.4 small businesses per 1,000 people, marginally ahead of Saskatchewan's 83.3 small businesses per 1,000 people. Prince Edward Island (78.1) was the only province east of Saskatchewan to exceed the Canadian average of 70.1 small businesses per 1,000 people. At 74.4, Alberta was the only other province to exceed the Canadian average.

FIGURE 1.8

SMALL BUSINESSES PER CAPITA BY PROVINCE, 2013

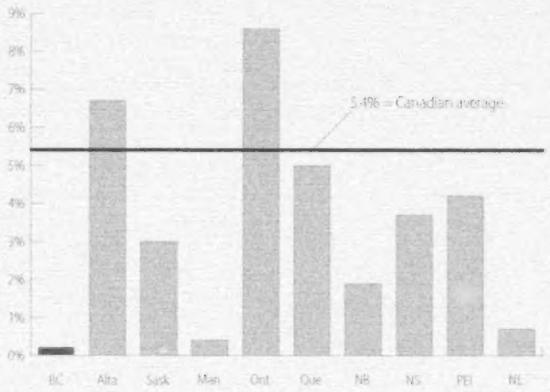


Source: BC Stats using data supplied by Statistics Canada

Between 2008 and 2013, the number of small businesses in British Columbia edged up 0.2 per cent, well below the national average rate of growth of 5.4 per cent. In fact, B.C.'s growth was the lowest among the provinces. Ontario, at 8.6 per cent, led the country in small business growth, followed by Alberta, at 6.7 per cent. For all other provinces, small business growth was below the national average.

FIGURE 1.9

SMALL BUSINESS GROWTH BY PROVINCE, 2008-2013



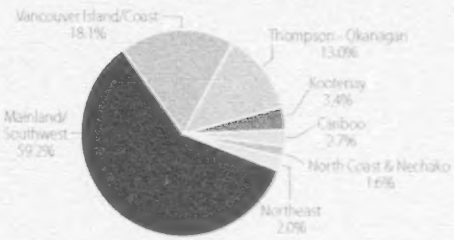
Source: BC Stats using data supplied by Statistics Canada

Which regions have the greatest number of small businesses?

As to be expected, the regions of British Columbia with the most businesses are those with the largest populations. Accordingly, it is useful to compare the distribution of businesses to share of population to better gauge the relative importance of small business to each region. In 2013, the Mainland/Southwest region, which includes Greater Vancouver, was home to about 59 per cent of the province's small businesses, significantly less than its 61 per cent share of total provincial population. Vancouver Island/Coast ranked second in both share of population and share of small businesses with about 17 per cent of the population and a slightly higher 18 per cent share of businesses. Similarly, the Thompson-Okanagan region had less than 12 per cent of the province's population, but almost 13 per cent of small businesses in the province. The remaining regions together accounted for about 10 per cent of small businesses in 2013, reasonably representative of their share of provincial population.

FIGURE 1.10

SMALL BUSINESS DISTRIBUTION BY REGION, BRITISH COLUMBIA, 2013



Source: BC Stats using data supplied by Statistics Canada

In which regions are the greatest numbers of small businesses forming?

Only three regions within the province recorded growth in the number of small businesses between 2008 and 2013. Northeast saw the strongest growth, with the count of small businesses in the region climbing 3.9 per cent, or around 300 net new businesses. Thompson-Okanagan had the next highest per cent growth, at 3.5 per cent, or 1,700 businesses, followed by Mainland/Southwest, with growth of 1.9 per cent, or 4,200 businesses. All other regions saw their small business counts fall, with the largest decline occurring in Cariboo, where there was a 27.6 per cent drop in the number of small businesses over the five-year period, translating to a net loss of 3,900 businesses.

FIGURE 1.11

NET CHANGE IN NUMBER OF SMALL BUSINESSES BY REGION, 2008-2013

	Total, 2013	Net change (#)	Growth rate
Vancouver Island/Coast	68,900	-500	-0.7%
Mainland/Southwest	226,000	4,200	1.9%
Thompson-Okanagan	49,500	1,700	3.5%
Kootenay	13,100	-700	-5.2%
Cariboo	10,300	-3,900	-27.6%
North Coast & Nechako	6,300	-500	-7.4%
Northeast	7,500	300	3.9%
Provincial Total*	**382,200**	**900**	**0.2%**

*Figures do not add to the total because the provincial total includes some businesses for which the region is unknown.

Source: BC Stats using data supplied by Statistics Canada

Small business growth by industry varied by region, but mining, oil and gas extraction; finance, insurance and real estate; and public administration were among the big growth industries for most regions. For detailed regional data by industry, see Appendix 1.

In what regions are the non-standard sectors growing the fastest?

Between 2008 and 2013, the high technology sector expanded its number of small businesses in all regions. Growth ranged from a high of 17.3 per cent in Kootenay, to a low of just 0.6 per cent in Cariboo.

In the tourism sector, Mainland/Southwest saw the largest rise in small tourism-related establishments, with a 9.6 per cent increase, while both Vancouver Island/Coast and Thompson-Okanagan experienced growth of just over two per cent. Small tourism-related businesses declined in all other regions of the province.

The secondary manufacturing sector saw an increase in small businesses in only one region, with growth of 24.5 per cent (translating to an increase of only 13 businesses) in Northeast. In the other regions, the decrease in small secondary manufacturing businesses ranged from 2.6 per cent in Mainland/Southwest to 11.4 per cent in Cariboo. See Appendix 1 for further detailed data by industry.

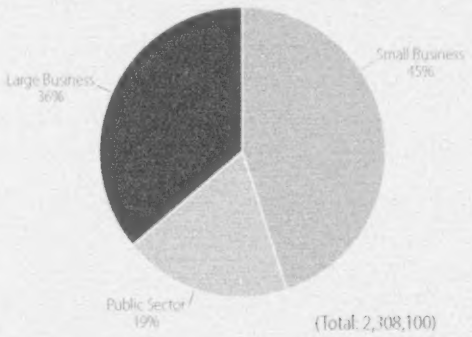
2 SMALL BUSINESS EMPLOYMENT

How many jobs does small business provide in British Columbia?

Approximately 1,032,900 people worked in small businesses in British Columbia in 2013, accounting for almost 45 per cent of the province's 2,308,100 jobs. This share is the same as it was in 2012.

FIGURE 2.1

SHARE OF TOTAL EMPLOYMENT, BRITISH COLUMBIA, 2013



Source: BC Stats using data supplied by Statistics Canada.

There were 1,863,600 British Columbians working in the private sector in 2013, of which 55 per cent were working in small businesses. Self-employed workers accounted for 22 per cent of total private-sector employment, while 33 per cent were employed by a small business. The remaining 45 per cent of private-sector workers were employees of large businesses.

FIGURE 2.2

PRIVATE-SECTOR EMPLOYMENT IN BRITISH COLUMBIA BY SIZE OF BUSINESS, 2013

	Employment	Per cent of total
TOTAL SMALL BUSINESS EMPLOYMENT	**1,032,900**	**55%**
Self-employed	416,500	22%
Employed by small business	616,400	33%
LARGE BUSINESS EMPLOYMENT	**830,700**	**45%**
TOTAL PRIVATE-SECTOR EMPLOYMENT	**1,863,600**	**100%**

Source: BC Stats using data supplied by Statistics Canada.

There was a slight drop in small business employment in British Columbia in 2013. The number of people working in small businesses dipped 0.7 per cent, with both the self-employed (-0.5 percent) and employees of small businesses (-0.9 per cent) contributing to the decline. Employment in large businesses in the province also edged down, albeit by less than 0.1 per cent. British Columbia's total employment fell 0.2 per cent.

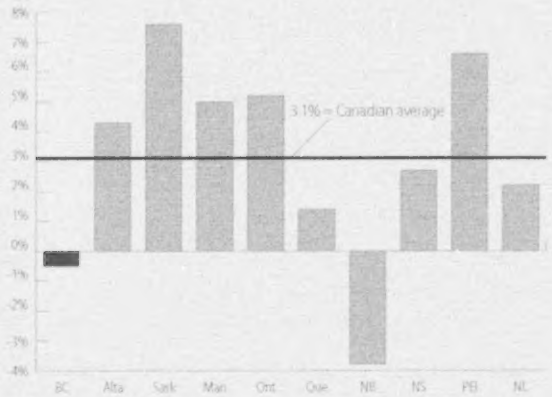
From 2008 to 2013, there was a 0.5 per cent drop in small business employment. The decline was entirely due to a 1.5 per cent reduction in the number of self-employed workers, as those employed by small businesses inched up 0.2 per cent. Employment in large businesses grew 1.1 per cent over the five-year period.

How does British Columbia's small business employment compare with other provinces?

Between 2008 and 2013, British Columbia was one of only two provinces to experience a drop in small business employment. New Brunswick had 3.8 per cent fewer jobs in the small business sector in 2013 compared to 2008. Saskatchewan led the nation, with growth of 7.6 per cent over the five-year period, well above the national average of 3.1 per cent.

FIGURE 2.3

SMALL BUSINESS EMPLOYMENT GROWTH BY PROVINCE, 2008-2013

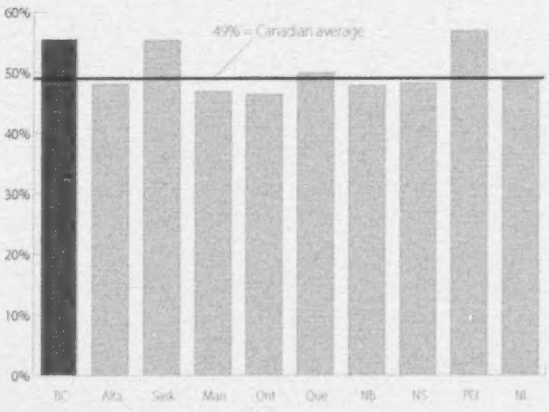


Source: BC Stats using data supplied by Statistics Canada

In 2013, British Columbia ranked second in the country in terms of the share of private-sector jobs derived from small business. At slightly more than 55 per cent, B.C. was behind only Prince Edward Island, which had just under 57 per cent. Saskatchewan (55 per cent) and Quebec (50 per cent) were the only other provinces to exceed the national average of 49 per cent. The province with the least reliance on small business for private-sector employment was Ontario, at 46 per cent.

FIGURE 2.4

SMALL BUSINESS AS A PER CENT OF PRIVATE-SECTOR EMPLOYMENT BY PROVINCE, 2013



Source: BC Stats using data supplied by Statistics Canada

The different economic structures of Canada's regions may be the explanation for much of the variation in small business employment among the provinces. For example, British Columbia has a larger services sector than other provinces, which may account for a stronger presence of small businesses, while Ontario is more dependent on employment from large manufacturing businesses, particularly in the automotive sector. On the other hand, provinces such as Saskatchewan and Prince Edward Island rely heavily on agriculture, an industry characterized by smaller operations with fewer employees.

Which industries are experiencing the most job growth?

With a net addition of over 8,200 jobs between 2008 and 2013, the accommodation and food services industry recorded the highest growth in employment for small businesses in British Columbia.[4] The health care and social assistance sector also added a substantial number of new jobs, with small business employment climbing by almost 6,200 over the five-year period.

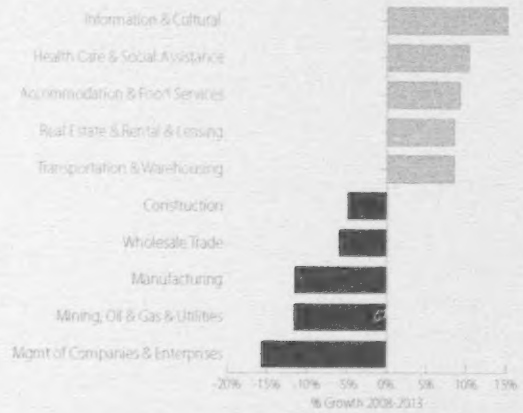
[4] Note that data on employment by size of business are not available for the non-standard sectors.

The fastest rate of growth in small business jobs was in information and cultural services, which saw a 15.0 per cent jump in employment, or 1,300 net new jobs. Health care and social assistance had the next highest rate of job growth, at 10.2 per cent, followed by accommodation and food services, at 9.1 per cent.

At the other end of the spectrum, job losses between 2008 and 2013 were most heavily concentrated in manufacturing and construction, which saw small business employment fall by 6,200 and 4,400 jobs, respectively. The fastest rate of decline in employment was in management of companies and enterprises, at 15.7 per cent (1,100 jobs), followed by an 11.6 per cent drop in mining, oil and gas plus utilities[5] (600 jobs) and an 11.5 per cent decline in manufacturing jobs.

FIGURE 2.5

TOP AND BOTTOM FIVE INDUSTRIES IN TERMS OF PER CENT CHANGE IN SMALL BUSINESS EMPLOYMENT IN BRITISH COLUMBIA, 2008-2013



Source: BC Stats using data supplied by Statistics Canada

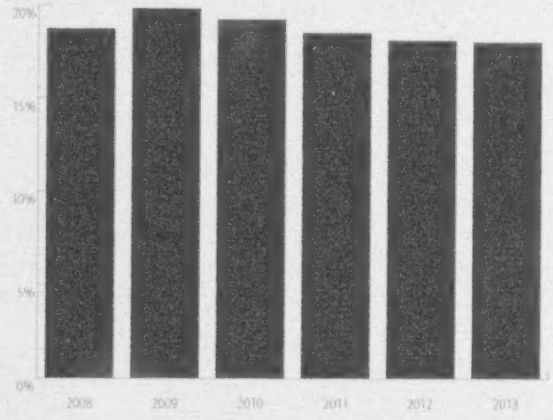
SELF-EMPLOYMENT

What proportion of total employment consists of the self-employed?

Individuals who spend most of their working hours running their own businesses are classified as self-employed. The self-employed represented 18.0 per cent of the total workforce in British Columbia in 2013. In 2008, this figure stood at 18.7 per cent, but in the throes of the global economic downturn, there was an increase in people seeking self-employment when jobs and job opportunities disappeared elsewhere. Self-employment in the province peaked at 19.8 per cent in 2009 and has been slowly inching down since then as the job market recovered from the downturn.

FIGURE 2.6

B.C.'S SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT, 2008-2013



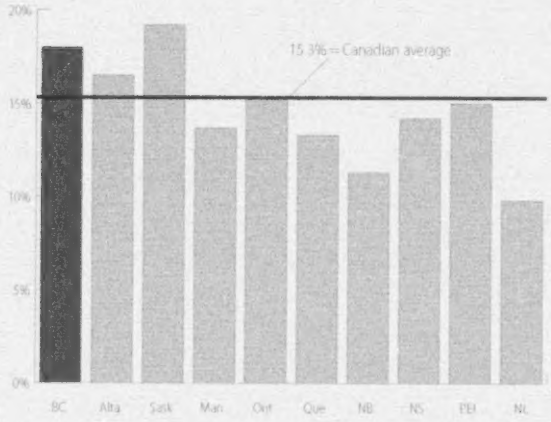
Source: Statistics Canada / Prepared by BC Stats

[5] Utilities are included with the mining, oil and gas industry as the data for these two industries are suppressed to preserve confidentiality. The combined figure was calculated residually.

British Columbia ranks second among the provinces in terms of the proportion of the workforce comprised of self-employed workers. In 2013, 18.0 per cent of the province's total employment consisted of self-employed workers, compared to 19.2 per cent for Saskatchewan, the province with the highest ratio of self-employed. The Canadian average was 15.3 per cent, almost three percentage points lower than the B.C. figure. Alberta (16.5 per cent) and Ontario (15.3 per cent) were the only other provinces to meet or exceed the national average. Newfoundland and Labrador had by far the lowest proportion of self-employed in its workforce, at 9.8 per cent.

FIGURE 2.7

SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT BY PROVINCE, 2013



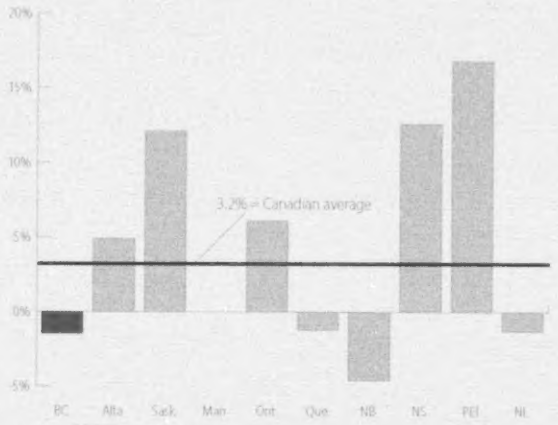
Source: Statistics Canada / Prepared by BC Stats

How does self-employment growth in British Columbia compare with other provinces?

From 2008 to 2013, the number of self-employed in British Columbia fell 1.5 per cent, which is opposite the national trend in self-employment growth. Self-employment in Canada climbed 3.2 per cent in the same five-year period. Prince Edward Island experienced the highest rate of growth in self-employment, at 16.8 per cent, followed by Nova Scotia, at 12.6 per cent and Saskatchewan, at 12.1 per cent. New Brunswick was the only province to see a decline greater than B.C.'s, with a 4.6 per cent reduction in the number of self-employed.

FIGURE 2.8

SELF-EMPLOYMENT GROWTH BY PROVINCE, 2008-2013



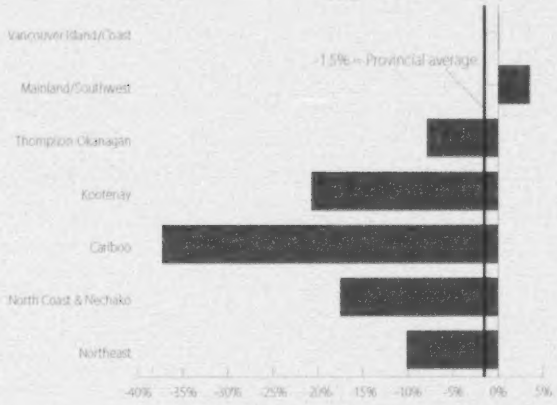
Source: Statistics Canada / Prepared by BC Stats

In what regions is self-employment growing the fastest?

While self-employment declined for the province as a whole from 2008 to 2013, there were two regions where the number of self-employed grew. Self-employment in Mainland/Southwest climbed 3.5 per cent over the period, while Vancouver Island/Coast saw a marginal 0.1 per cent rise in the self-employed. All other regions experienced a decline in self-employment. The sharpest drops were in Cariboo (-37.2 per cent) and Kootenay (-20.7 per cent).

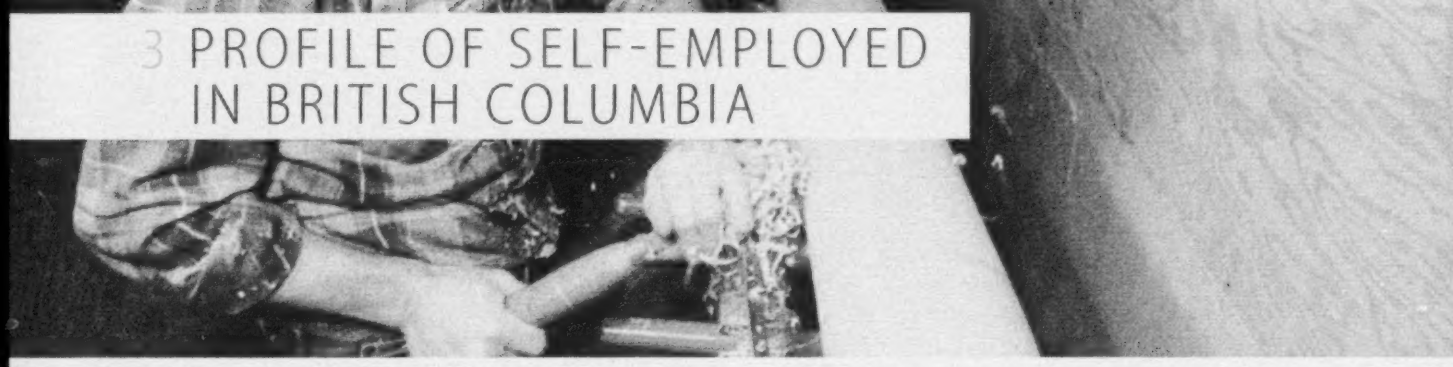
FIGURE 2.9

SELF-EMPLOYMENT GROWTH RATE FOR REGIONS IN BRITISH COLUMBIA, 2008-2013



Source: Statistics Canada / Prepared by BC Stats

3 PROFILE OF SELF-EMPLOYED IN BRITISH COLUMBIA



How many self-employed people are there in British Columbia?

There were 416,500 self-employed workers in British Columbia in 2013, including approximately 1,200 people who worked in family businesses without pay. Excluding those individuals, there remains a total of 415,300 self-employed business owners. Of these, the largest group were unincorporated and working on their own with no paid help. Around half of all self-employed fell into this category.

FIGURE 3.1

NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2013

	With paid help	Without paid help	Total	Per cent
Incorporated	101,000	79,000	180,000	43%
Unincorporated	29,500	205,800	235,300	57%
TOTAL SELF-EMPLOYMENT	**130,500**	**284,800**	**415,300**	**100%**

Source: Statistics Canada / Prepared by BC Stats

In 2013, the overall number of self-employed workers in British Columbia dipped 0.5 per cent, marking the fourth consecutive year of decline. Since peaking at 439,200 in 2009, the number of self-employed in the province has declined 5.2 per cent.

There are a number of factors that contribute to the fluctuation in self-employment numbers, including economic conditions. The high incidence of self-employment in 2009 may have reflected the uncertainty in the economy at that time. In the face of layoffs or decreased job security, more workers may have turned to self-employment. The subsequent declines since then could reflect a return of such workers to the employee workforce.[6]

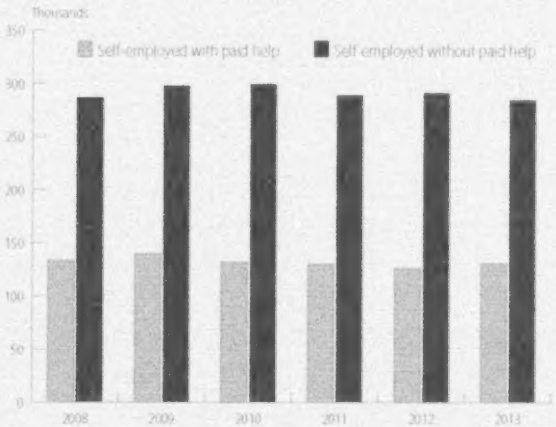
Among the self-employed in British Columbia, sole operators are more common than employers with staff. Working for oneself can offer flexibility that other types of employment do not. Students, retirees, or people looking to earn a secondary income may have a higher propensity to choose self-employment over other options. Others may turn to self-employment not because of conditions in the wage-labour market, or to fit their lifestyles, but because they are compelled by entrepreneurial spirit. Businesses often begin with one individual starting a business and running it alone and then taking on employees as the business grows.

In 2013, the number of self-employed *without* paid help, regardless of incorporation status, was well over twice that of self-employed *with* paid help. This ratio had been trending up, as between 2008 and 2013, the number of self-employed business owners operating with staff fell 2.3 per cent, while those without staff edged down only 0.7 per cent. However, the trend reversed itself in 2013, as there was a 3.3 per cent rise in self-employed with staff, compared to a 2.1 per cent drop in self-employed working alone.

[6] It is possible that some people take up self-employed work to supplement their salaried income. However, such workers are not included in figures quoted in this report. The "self-employed" as counted here are people for whom self-employed work constitutes the job "at which they work the most hours," except where specifically indicated otherwise.

FIGURE 3.2

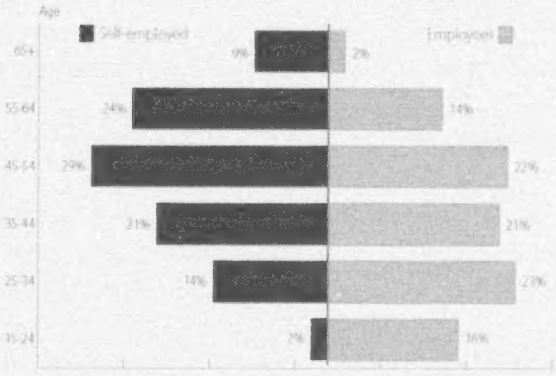
NUMBER OF SELF-EMPLOYED WITH PAID HELP COMPARED TO SELF-EMPLOYED WITHOUT PAID HELP, BRITISH COLUMBIA, 2008-2013



Source: Statistics Canada / Prepared by BC Stats

FIGURE 3.3

AGE DISTRIBUTION OF SELF-EMPLOYED WORKERS COMPARED TO EMPLOYEES, BRITISH COLUMBIA, 2013



Note: Percentages do not add to 100 due to rounding
Source: Statistics Canada / Prepared by BC Stats

What is the profile of a self-employed person in British Columbia?

There are a number of differences between self-employed people and those who are employees of businesses. On average, self-employed people tend to be older, are more often men, work longer hours and are less likely to be Aboriginal peoples compared to workers who are employees.

Half of British Columbia's self-employed are between the ages of 35 and 54, compared to 43 per cent of employees. Similarly, while 40 per cent of employees are under the age of 35, only 16 per cent of self-employed business owners fit this profile. At the other end of the scale, 34 per cent of entrepreneurs are aged 55 and over, compared to just 17 per cent of employees.

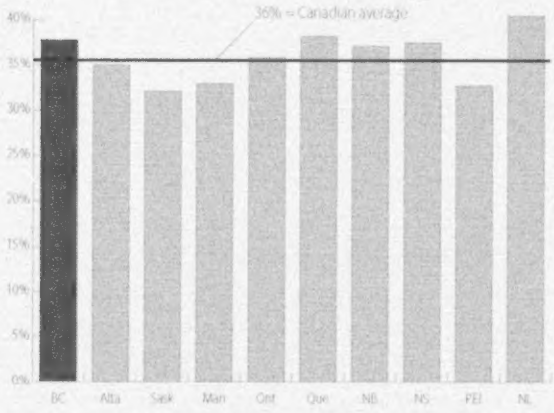
There are a number of reasons for the differences in the age structure of self-employed persons versus employees. For younger workers, few have the skill-set or the capital resources to start and operate a business of their own. Conversely, for older workers, self-employment may be used as a transition from working at a full-time job to moving into retirement. In addition, it is possible that a self-employed business owner might be more inclined to carry on working beyond traditional retirement age. A paid employee working for a business would be more likely to have a pension and/or retirement package as incentives to retire earlier. Data from Statistics Canada's *Labour Force Survey* appear to confirm this as, in 2013, the median age of retirement for self-employed Canadians was fully one year older than that of private sector employees (65.4 versus 64.4), although the gap has been shrinking over time.

While the incidence of self-employment has been declining over the last five years for those younger than 55, the opposite is true for those aged 55 and over. Between 2008 and 2013, the number of self-employed aged 55 and over has increased 20.5 per cent, while self-employment among those aged 15 to 54 fell 9.8 per cent. The higher incidence of self-employment among older British Columbians was even more pronounced among women as there was a 42.7 per cent jump in self-employed women aged 55 and over in the five-year period. For detailed data on self-employment by age and gender, see Appendix 2.

Gender is another factor differentiating the self-employed from employees. While those working for an employer are equally likely to be men or women, those who are self-employed are more often male. In 2013, almost two-thirds (62.3 per cent) of the self-employed in British Columbia were men. However, a higher proportion of self-employed were women in British Columbia than in most provinces. In 2013, approximately 37.7 per cent of B.C.'s self-employed were women, compared to the national average of 36.3 per cent. Only Newfoundland and Labrador (40.4 per cent) and Quebec (38.2 per cent) had a greater percentage of self-employed who were women.

FIGURE 3.4

PROPORTION OF SELF-EMPLOYED WHO ARE WOMEN, BY PROVINCE, 2013



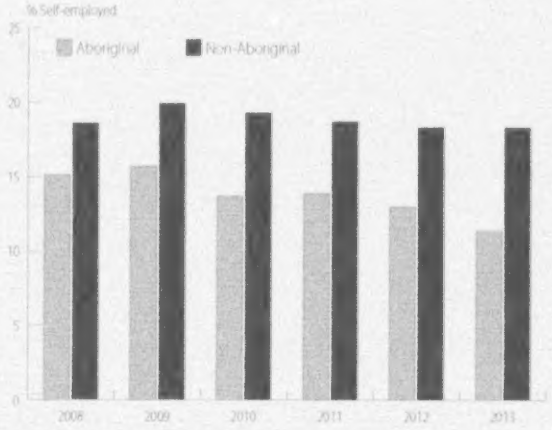
Source: Statistics Canada / Prepared by BC Stats

It is interesting to note that, despite an overall decline in the number of self-employed, there has been growth over the last five years in the number of self-employed women in the province. Between 2008 and 2013, the number of women who were self-employed rose 6.6 per cent. Over the same period, there were 5.8 per cent fewer self-employed men. See Appendix 2 for detailed self-employment data by age and gender.

The trends in self-employment of Aboriginal peoples in British Columbia provide some insight into the diversity of small business owners in the province. Aboriginal people living off-reserve are significantly less likely to be self-employed compared to non-Aboriginal people. In 2013, 11 per cent of Aboriginal people in British Columbia were self-employed, compared to 18 per cent of non-Aboriginal people who worked for themselves. One explanation for this difference may be the younger age distribution of Aboriginal people relative to the overall population, given the older age composition of self-employed individuals compared to those who are employees.

FIGURE 3.5

PER CENT OF WORKING, OFF-RESERVE ABORIGINAL AND NON-ABORIGINAL PEOPLE WHO ARE SELF-EMPLOYED, BRITISH COLUMBIA, 2008-2013



Source: Statistics Canada / Prepared by BC Stats

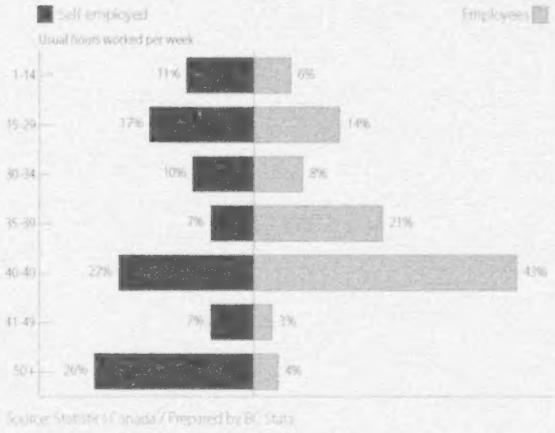
How do the self-employed differ from employees with respect to hours worked?

There are significant differences between self-employed and employees with respect to hours worked per week as, on average, the self-employed have much longer work days than employees. While most employees in British Columbia (64 per cent) work between 35 and 40 hours per week, this is true for only 29 per cent of the self-employed. Over a quarter (26 per cent) of self-employed work 50 or more hours per week, compared to just four per cent of employees. On the other hand, 37 per cent of self-employed worked fewer than 35 hours a week, compared to just 28 per cent of employees. However, on average, the number of hours worked per week is higher for self-employed workers than for employees. In 2013, the average work week for the self-employed was 37.4 hours, compared to 35.1 hours for employees.

While the average work week for employees has remained quite stable over the last decade at approximately 35 hours per week, there has been a bit more variation in hours worked per week by the self-employed, ranging from around 37 to 40 hours. Some reasons for the longer hours put in by self-employed business owners may include lack of staff to do extra work, lack of capital to pay staff overtime and perhaps a greater passion for a business that they can call their own and consequently more drive to work longer hours.

FIGURE 3.6

HOURS WORKED, SELF-EMPLOYED COMPARED TO EMPLOYEES, BRITISH COLUMBIA, 2013



Source: Statistics Canada / Prepared by BC Stats

In other parts of the country, the self-employed work even longer hours. Nationally, the average work week for self-employed workers was 39.7 hours, more than two hours longer than the B.C. average. Almost 31 per cent of Canadian self-employed workers averaged 50 hours or more per week in 2013.

4 CONTRIBUTION TO THE ECONOMY

How large is the contribution of small business to British Columbia's economy relative to other provinces?

The small business sector is a key component of the provincial economy. Its contributions include providing jobs and meeting payrolls that help support families and stimulate further economic activity, as well as delivering goods and services to the residents of British Columbia.

One way of measuring the economic contribution of a sector is by calculating its gross domestic product (GDP), which represents the value the sector adds to the materials and services it uses.

In 2013, British Columbia's small business sector was responsible for roughly 31 per cent of provincial GDP.[1] This was tied with Saskatchewan as the highest ratio in the country and well ahead of the national average of 29 per cent.

Gross Domestic Product (GDP) refers to the total market value of all the goods and services produced within national or provincial borders during a specified period. The growth rates of GDP provide an indication of how well an industry or an economy is doing. The GDP of an industry (also referred to as value added) equals output by the industry minus the value of intermediate inputs that were purchased from other industries, domestic or foreign. Value added is a measure of how much an industry has contributed to the value of its output over and above the value of intermediate inputs. GDP by industry for the economy as a whole is the sum of values added by all industries resident in Canada.

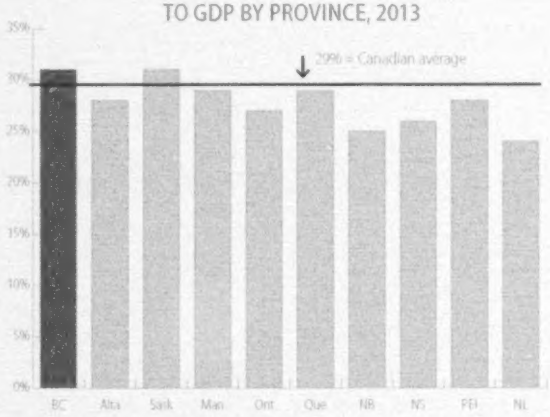
Manitoba and Quebec, each with 29 per cent of GDP produced by the small business sector, were the only other provinces at or above the Canadian average.

At the other end of the scale, Newfoundland and Labrador had the smallest proportion of GDP generated by small business, at 24 per cent.

In British Columbia, the relatively high contribution of small business is at least partly due to the fact that the province has traditionally been more service sector-oriented than most other provinces, and much of the nation's growth in small businesses has been concentrated in service sector industries.

FIGURE 4.1

SMALL BUSINESS CONTRIBUTION TO GDP BY PROVINCE, 2013



Source: BC Stats

[1] The small business GDP estimates presented in this report incorporate revisions to the way GDP data is presented and reported in the System of National Accounts. Some of the data previously used to calculate small business shares of GDP are no longer available. As a result, the GDP shares calculated using the revised data are somewhat higher than those presented in the previous reports. Statistics Canada is still in the process of recalibrating the System of National Accounts data for the government sector, and should the required information become available in the future, the methodology used to construct the data will be revisited. Note that these GDP shares are not exact figures and should not be used to calculate actual dollar amounts.

How does average pay compare between small and large businesses?

There has traditionally been a significant wage gap between employees of large and small businesses. On average, those working for small businesses tend to be paid less than employees of large businesses. There are a number of possible reasons for this disparity, including differences in productivity and unionization rates.

In terms of productivity, larger firms are more able to take advantage of economies of scale and can better afford capital improvements, such as machinery and equipment that can substitute for low-skilled labour. As a result, larger firms tend to achieve more output per employee. This productivity advantage allows them to offer higher wages to their staff, compared to their small business counterparts.

With respect to unionization, small businesses are much less likely to be unionized relative to larger firms. Given that employees who belong to unions tend to earn higher wages than non-unionized employees, it follows that those working for larger firms will often earn more than those working for small businesses.

In British Columbia, in 2013, the average small business employee earned $39,244, compared to $48,933 for employees of large businesses, which amounts to an annual difference of almost $9,700. This gap widened significantly from 2008 to 2013, as average earnings of small business employees increased at a fraction of the rate of earnings of employees in large firms. In 2008, small business employees earned approximately $5,100 less than their large business counterparts. However, while earnings of those working for small businesses grew only 4.0 per cent between 2008 and 2013, those of large business employees climbed 14.1 per cent.

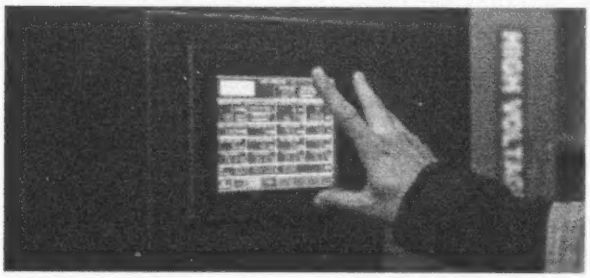


FIGURE 4.2

CHANGES IN AVERAGE ANNUAL EARNINGS, BRITISH COLUMBIA, 2008-2013

	Small business	Large business
Earnings 2008 (payroll/employee)	$ 37,748	$ 42,887
Earnings 2013 (payroll/employee)	$ 39,244	$ 48,933
PER CENT CHANGE	**4.0%**	**14.1%**

Source: BC Stats using data supplied by Statistics Canada

Small businesses make up much of this wage disparity in other ways by offering benefits that may not be possible in some larger businesses. These benefits may include more flexible working hours, greater input into the company's direction and gaining experience working in a variety of roles.

How does average pay compare across industries for small versus large businesses?

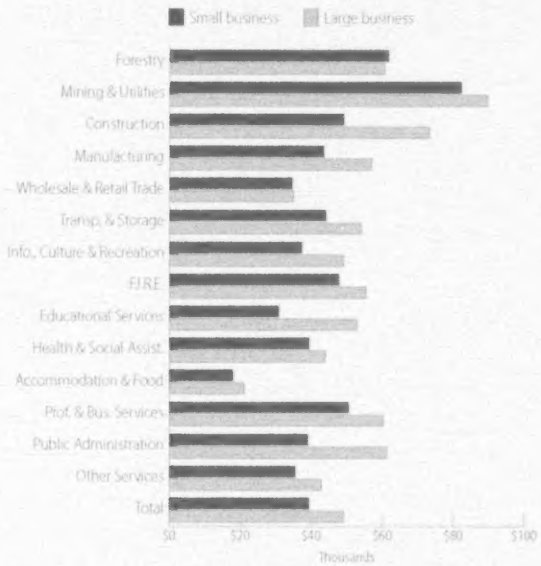
In 2013, wages in businesses with 50 or more employees were higher than those in small businesses over almost all major industry groupings. The only exception was forestry, logging and support, where small business workers earned approximately $1,100 per year more than those working for larger businesses. This is a departure from the historical norm and could be the result of a change in the composition of occupations present in large businesses; for instance, from higher paid jobs such as logging to lower paid silviculture activities, like tree planting, or vice versa in the case of small businesses.

The largest wage gap was in construction, where large businesses paid employees almost $24,200 more, on average, than those in small business. The next largest discrepancies were in educational services and public administration, which both had wage gaps of around $22,000. The smallest gap was for workers in the trade industry (wholesale and retail), where small business employees earned only $260 less on an average annual basis than did employees of larger firms. For businesses of any size, employees in the accommodation and food sector earned by far the lowest wages, on average.

In fact, the $21,000 earned by large business employees in that industry was less than the gap between large and small business employees in each of the construction, education and public administration industries. The highest wage earners were in mining, oil and gas extraction and utilities.[8]

FIGURE 4.3

AVERAGE ANNUAL EARNINGS BY INDUSTRY, BRITISH COLUMBIA, 2013



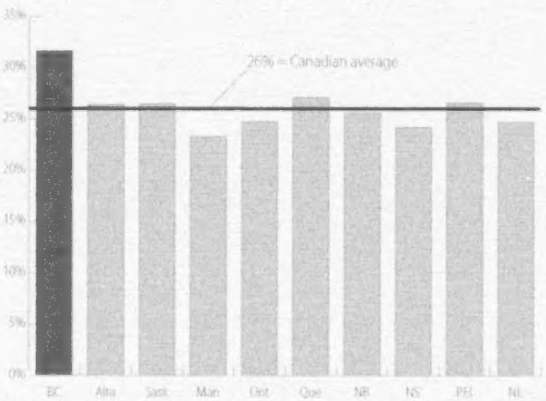
Note: Mining includes Oil and Gas; FIRE is Finance, Insurance and Real Estate.

Source: BC Stats using data supplied by Statistics Canada.

The province with the smallest percentage of payroll derived from small business was Manitoba, at 23 per cent. The predominance of small businesses in British Columbia, relative to other provinces, is one reason for the higher portion of payroll generated by the small business sector. Another factor is that wages in industries that are less prevalent in British Columbia, such as agriculture, tend to be lower, which can affect the size of payrolls in provinces that rely more heavily on these industries.

FIGURE 4.4

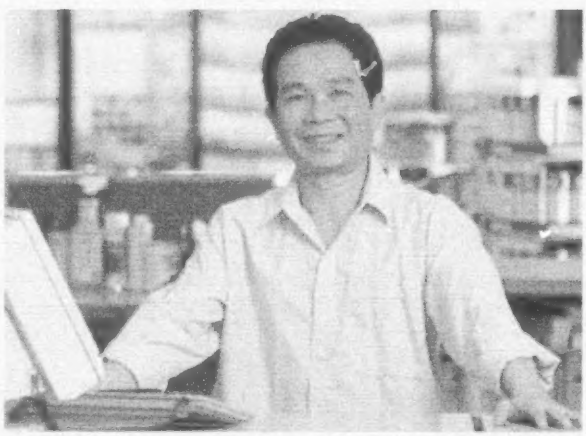
SMALL BUSINESS SHARE OF TOTAL PAYROLL BY PROVINCE, 2013



Source: BC Stats using data supplied by Statistics Canada.

How does British Columbia compare in terms of the portion of total payroll generated by small business?

Among the provinces, British Columbia has the highest reliance on small business payrolls. In 2013, small business accounted for nearly a third (just under 32 per cent) of wages paid to workers, well above the Canadian average of just over 26 per cent. Second-ranked Quebec was nearly five percentage points lower than British Columbia, with 27 per cent of its provincial payroll made up of wages paid to small business employees.



[8] The wage data are from Statistics Canada's *Survey of Employment, Payrolls and Hours*, which does not include data for the agriculture and fisheries industries. Data for the accommodation and food sector does not include gratuities. Data for the mining, oil and gas extraction, and utilities industries were suppressed and the aggregate of the two industries was calculated residually.

5 SMALL BUSINESS EXPORTERS

For the purposes of this report, a small business exporter is defined as a business with fewer than 50 employees that exports goods out of the country. While shipments of goods to other provinces and services provided to out-of-province residents or businesses are also considered exports, such data tabulated by business size are unavailable.

There is a one-year lag in the availability of data for exports by businesses tabulated by employee size and, as a result, 2012 is the latest year for which data are available. In addition, in order to meet confidentiality requirements, Statistics Canada has grouped the Territories (Yukon, Northwest Territories and Nunavut) into a region with British Columbia, such that the data for British Columbia include exporters in the Territories. This should not significantly influence the small business numbers as most of the exports from the Territories are diamonds from the Northwest Territories, which are generally large business exports. Although the value of exports for large businesses is likely overstated, the numbers for small businesses in British Columbia are probably inflated by less than one per cent.

Small Business Exporter

A small business exporter is a business with fewer than 50 employees that exports goods out of the country, regardless of the value of exports. Small firms can be large exporters and, conversely, some large firms are small exporters.

How many small businesses in British Columbia export?

In 2012, there were 6,897 businesses in the province that exported goods to international destinations. Of these, 5,914 were businesses with fewer than 50 employees, comprising almost 86 per cent of all exporting businesses.[9]

These small business exporters account for only 1.5 per cent of all British Columbia small businesses, which indicates that 98.5 per cent of small businesses in the province did not export goods in 2012.

The small percentage of small businesses that export could be due to a number of factors, including the high start-up costs associated with an exporting business and the need to achieve economies of scale to compete internationally.

Even though only a small fraction of small businesses in the province were exporters in 2012, they accounted for almost half the total value of B.C.'s exports, shipping about $14.4 billion worth of goods to international destinations. Businesses with more than 50 employees exported approximately $14.6 billion worth of goods.

FIGURE 5.1

NUMBER OF BRITISH COLUMBIA* EXPORTERS AND VALUE OF EXPORTS, 2012

	Number of businesses	Value of exports ($millions)
Small business exporters	5,914	$14,428
Large business exporters	983	$14,575
TOTAL ALL EXPORTERS	**6,897**	**$29,003**

*Includes data for the Territories

Source: Statistics Canada / Prepared by BC Stats

[9] The business counts in this chapter refer to establishment counts, rather than business location counts, as the data in the Exporter Register, which is the source of exports by business size, are still based on the establishment framework.

What is the destination of goods shipped by British Columbia small business exporters?

The United States is the primary destination for small business exports. In 2012, around 57 per cent of small business exporters shipped their goods exclusively to the United States and another 19 per cent exported to both the U.S. and at least one other country. Only 24 per cent of exporters shipped solely to non-U.S. destinations.

While more than half of small business exporters shipped only to the United States, those businesses were responsible for only 31 per cent of the value of small business exports. Those small businesses that exported to both the U.S. and other countries accounted for 35 per cent of the overall value of small business exports. The story was similar for larger exporters, of which 53 per cent shipped solely to the United States, but were responsible for only 19 per cent of exports. Those large businesses that shipped to both the United States and other countries accounted for 36 per cent of large exporters and 64 per cent of large business exports.

FIGURE 5.2

SHARE OF BRITISH COLUMBIA* EXPORTERS AND VALUE OF EXPORTS BY DESTINATION OF EXPORTS, 2012

Small businesses	Business count	Export value
U.S. only	57%	31%
Non-U.S. only	24%	34%
Both U.S. and non-U.S.	19%	35%
Large businesses	Business count	Export value
U.S. only	53%	19%
Non-U.S. only	11%	17%
Both U.S. and non-U.S.	36%	64%

*Includes data for the Territories

Source: Statistics Canada / Prepared by BC Stats

It is generally more expensive to ship to non-U.S. destinations as a result of longer transport distances, as well as time zone and language differences, which add to the cost of marketing and distribution. Therefore, it makes sense that exporters need to ship larger volumes to these destinations in order to achieve economies of scale and defray some of their expenses.

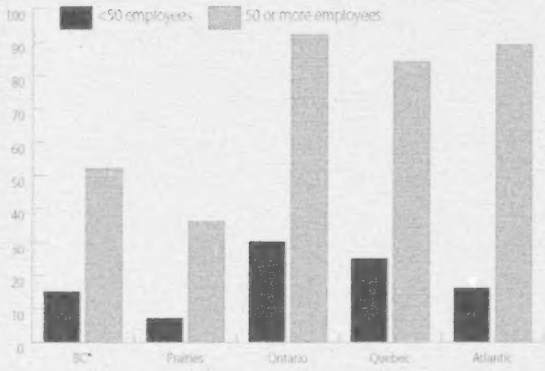
What proportion of British Columbia's small business exporters are manufacturers?

Small business exporters are far less likely to be manufacturers compared to large businesses that export. In 2012, around 30 per cent of British Columbia exporters with fewer than 50 employees were in a manufacturing industry, compared to 48 per cent of larger exporters. With respect to the value of goods exported, the disparity was even greater. Only 15 per cent of small business exports derived from the manufacturing sector, compared to 52 per cent of exports from larger businesses.

A similar pattern was found across Canada. The manufacturing sector's share of small exporting businesses ranged from a low of 23 per cent in the Prairies, to a high of 36 per cent in Quebec. In every region in the country, there was a significant gap between the share of export revenue for manufacturers in small and large businesses. The largest discrepancy was in Atlantic Canada, where only 16 per cent of small business exports were products of manufacturing industries, compared to 89 per cent of exports from larger businesses. Manufacturers in the Prairies, where resource products dominate exports, were responsible for the smallest proportion of overseas shipments with 7 per cent of small business exports and 36 per cent of exports from larger businesses derived from the manufacturing sector.

FIGURE 5.3

MANUFACTURING INDUSTRIES' SHARE OF DOMESTIC EXPORTS BY PROVINCE, 2012



*Includes data for the Territories
Source: Statistics Canada / Prepared by BC Stats

How do British Columbia small business exporters compare to those in other parts of the country?

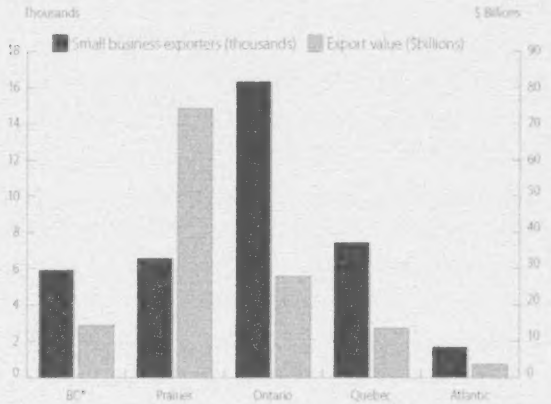
Ontario was the location of 43 per cent of all Canadian small business exporters in 2012, with 16,311 such businesses. This was more than double the number of small business exporters in second-ranked Quebec (7,413, or 20 per cent of Canada's total). The combined Prairie Provinces had 17 per cent of Canada's small business exporters, just ahead of British Columbia, which had just under 16 per cent. The relatively low number of small business exporters in the Prairies may be due, at least in part, to the fact that many small farms in the Prairies have their exports handled by large co-operatives such as the Canadian Wheat Board. However, this could change over the next couple of years as the Wheat Board no longer has monopoly power to market the wheat and barley produced in the Prairies.

The export intensity (that is, the average value of exports per exporter) of small businesses varies by region. In 2012, the Canadian average value of exports per small business exporter was $3.5 million. The only region to exceed this average was the Prairies, which exported $11.3 million per firm. Despite being home to only 6,556 small business exporters, or 17 per cent of the Canadian total, the Prairies were the origin of 56 per cent of all Canadian small business exports ($74.2 billion). A possible explanation for this concentration of exports in the Prairies is that Alberta oil and gas producers are hiring small firms in the finance and insurance sector to deal with exporting their product.[10] Given that oil and gas comprise over half the value of exports from the Prairies, this activity would explain the relatively high export intensity in that region.

British Columbia averaged around $2.4 million in exports per small business exporter, with 5,914 small businesses shipping around $14.4 billion worth of goods. Atlantic Canada small business exporters shipped an average of $2.2 million per firm, followed by Quebec, at $1.8 million, and Ontario, at $1.7 million.

FIGURE 5.4

EXPORT INTENSITY FOR SMALL BUSINESSES BY PROVINCE, 2012



*Includes data for the Territories
Source: Statistics Canada / Prepared by BC Stats

[10] Halabisky, D., Lee, B., & Parsley, C. (August 2005). *Small Business Exporters: A Canadian Profile*. Small Business Policy Branch, Industry Canada, p. 20.

TECHNICAL NOTES

All statistics presented in this document are based on the best data currently available. A comprehensive listing of all businesses operating in British Columbia or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in British Columbia and other provinces, as well as the employment and payrolls generated by these businesses.

The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than the direction of trends or the relative standing of British Columbia compared to other provinces. This edition of the *Small Business Profile* incorporates statistical revisions, such that year-over-year comparisons should not be made using previous editions.

Data Sources

Estimates of the number of businesses have been produced using data from Statistics Canada's *Business Register* and *Labour Force Survey*. Estimates of employment and payrolls have been produced using Statistics Canada's *Survey of Employment, Payrolls and Hours* and *Labour Force Survey*. All self-employment numbers have been obtained directly from the *Labour Force Survey*. Data describing small business exporters are derived from Statistics Canada's *Exporter Register*.

Prepared by:

Dan Schrier, BC Stats

Lillian Hallin, BC Stats

APPENDICES

APPENDIX 1

COUNTS OF BUSINESSES WITH EMPLOYEES BY INDUSTRY BY REGION

							2008-2013 Change	
BRITISH COLUMBIA	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**#**	**%**
Mining, Oil & Gas	1,000	1,054	1,074	985	1,121	1,229	229	22.9%
Other Primary	6,802	6,558	6,399	6,749	7,085	7,225	423	6.2%
Utilities	183	180	186	187	197	191	8	4.4%
Construction	20,610	20,741	20,792	20,580	20,676	21,835	1,225	5.9%
Manufacturing	7,096	6,959	6,803	6,490	6,500	6,795	-301	-4.2%
Transportation & Storage	7,440	7,318	7,082	6,993	7,198	7,853	413	5.6%
Trade	29,879	29,434	29,024	28,701	28,758	29,434	-445	-1.5%
F.I.R.E	13,990	14,247	14,579	14,738	16,876	17,351	3,361	24.0%
Health & Education	16,404	17,046	17,336	17,350	17,482	19,025	2,621	16.0%
Public Administration	445	446	669	665	658	656	211	47.4%
Professional & Business Serv.	32,008	32,574	32,601	32,102	32,372	33,938	1,930	6.0%
Other Services	32,175	32,690	32,643	31,615	30,139	30,914	-1,261	-3.9%
Total	**168,032**	**169,247**	**169,188**	**167,155**	**169,062**	**176,446**	**8,414**	**5.0%**
High Tech	8,458	8,555	8,552	8,462	8,619	9,315	857	10.1%
Tourism	15,546	15,483	15,661	15,509	15,942	16,479	933	6.0%
Secondary Manufacturing	6,130	6,027	5,884	5,659	5,671	5,925	-205	-3.3%

							2008-2013 Change	
VANCOUVER ISLAND/COAST	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**#**	**%**
Mining, Oil & Gas	47	54	49	47	52	58	11	23.4%
Other Primary	1,100	1,051	1,046	1,141	1,233	1,316	216	19.6%
Utilities	30	30	30	33	35	30	0	0.0%
Construction	3,763	3,733	3,782	3,742	3,630	3,686	-77	-2.0%
Manufacturing	1,018	1,025	988	940	909	959	-59	-5.8%
Transportation & Storage	1,003	972	945	925	896	923	-80	-8.0%
Trade	4,797	4,732	4,711	4,634	4,599	4,653	-144	-3.0%
F.I.R.E	2,189	2,273	2,269	2,299	2,606	2,626	437	20.0%
Health & Education	3,282	3,425	3,486	3,461	3,439	3,666	384	11.7%
Public Administration	157	156	332	324	327	322	165	105.1%
Professional & Business Serv.	5,119	5,276	5,292	5,155	5,030	5,225	106	2.1%
Other Services	4,970	5,126	5,119	4,982	4,882	4,959	-11	-0.2%
Total	**27,475**	**27,853**	**28,049**	**27,683**	**27,638**	**28,423**	**948**	**3.5%**
High Tech	1,413	1,441	1,434	1,396	1,394	1,492	79	5.6%
Tourism	2,739	2,772	2,797	2,731	2,786	2,798	59	2.2%
Secondary Manufacturing	845	852	826	797	766	805	-40	-4.7%

MAINLAND/SOUTHWEST	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	397	434	466	437	506	570	173	43.6%
Other Primary	2,241	2,241	2,261	2,367	2,523	2,545	304	13.6%
Utilities	62	59	68	67	66	66	4	6.5%
Construction	10,776	10,985	11,052	11,054	11,223	12,181	1,405	13.0%
Manufacturing	4,505	4,379	4,301	4,109	4,153	4,357	-148	-3.3%
Transportation & Storage	4,011	4,015	3,891	3,847	4,034	4,480	469	11.7%
Trade	18,055	17,732	17,390	17,153	17,339	17,863	-192	-1.1%
F.I.R.E	8,870	8,964	9,310	9,371	10,800	11,164	2,294	25.9%
Health & Education	9,497	9,904	10,108	10,113	10,256	11,308	1,811	19.1%
Public Administration	107	110	128	128	131	122	15	14.0%
Professional & Business Serv.	20,978	21,309	21,372	21,028	21,423	22,549	1,571	7.5%
Other Services	19,679	20,034	19,978	19,184	17,816	18,199	-1,480	-7.5%
Total	**99,178**	**100,166**	**100,325**	**98,858**	**100,270**	**105,404**	**6,226**	**6.3%**
High Tech	5,693	5,726	5,758	5,677	5,794	6,313	620	10.9%
Tourism	8,671	8,666	8,789	8,763	9,087	9,507	836	9.6%
Secondary Manufacturing	4,061	3,956	3,873	3,728	3,766	3,957	-104	-2.6%

THOMPSON-OKANAGAN	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	100	102	99	95	114	122	22	22.0%
Other Primary	1,472	1,456	1,415	1,468	1,523	1,557	85	5.8%
Utilities	38	38	38	36	42	43	5	13.2%
Construction	3,460	3,444	3,309	3,161	3,153	3,215	-245	-7.1%
Manufacturing	923	901	895	848	863	863	-60	-6.5%
Transportation & Storage	887	869	844	802	847	905	18	2.0%
Trade	3,706	3,674	3,654	3,578	3,587	3,594	-112	-3.0%
F.I.R.E	1,714	1,753	1,746	1,753	1,982	2,013	299	17.4%
Health & Education	2,014	2,080	2,110	2,114	2,138	2,270	256	12.7%
Public Administration	68	69	84	79	77	85	17	25.0%
Professional & Business Serv.	3,269	3,364	3,317	3,266	3,335	3,420	151	4.6%
Other Services	3,683	3,669	3,698	3,608	3,693	3,818	135	3.7%
Total	**21,334**	**21,419**	**21,209**	**20,808**	**21,354**	**21,905**	**571**	**2.7%**
High Tech	699	729	722	717	758	773	74	10.6%
Tourism	2,002	1,940	1,965	1,891	1,990	2,048	46	2.3%
Secondary Manufacturing	747	728	707	668	690	678	-69	-9.2%

KOOTENAY	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	49	48	41	40	40	46	-3	-6.1%
Other Primary	378	349	339	355	384	370	-8	-2.1%
Utilities	23	23	21	21	21	18	-5	-21.7%
Construction	836	827	928	903	901	886	50	6.0%
Manufacturing	221	222	233	220	214	198	-23	-10.4%
Transportation & Storage	301	279	272	269	269	284	-17	-5.6%
Trade	1,037	1,029	1,082	1,082	1,052	1,041	4	0.4%
Finance, Insurance & Real Estate	397	419	453	444	517	504	107	27.0%
Health & Education	488	516	553	552	549	583	95	19.5%
Public Administration	38	37	51	46	46	46	8	21.1%
Professional & Business Serv.	772	784	841	829	794	820	48	6.2%
Other Services	1,229	1,240	1,280	1,265	1,269	1,259	30	2.4%
Total	**5,769**	**5,773**	**6,094**	**6,026**	**6,056**	**6,055**	**286**	**5.0%**
High Tech	191	195	196	201	201	224	33	17.3%
Tourism	763	766	783	770	768	753	-10	-1.3%
Secondary Manufacturing	164	170	179	170	167	151	-13	-7.9%

CARIBOO	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	21	25	25	26	30	37	16	76.2%
Other Primary	725	646	607	628	643	640	-85	-11.7%
Utilities	8	8	7	7	9	9	1	12.5%
Construction	744	760	758	723	761	779	35	4.7%
Manufacturing	242	241	211	200	190	195	-47	-19.4%
Transportation & Storage	487	468	450	432	440	461	-26	-5.3%
Trade	1,077	1,096	1,064	1,065	1,070	1,058	-19	-1.8%
Finance, Insurance & Real Estate	389	417	394	409	475	471	82	21.1%
Health & Education	544	559	560	571	568	602	58	10.7%
Public Administration	26	26	24	25	28	30	4	15.4%
Professional & Business Serv.	800	808	788	784	752	783	-17	-2.1%
Other Services	1,156	1,195	1,124	1,090	1,078	1,131	-25	-2.2%
Total	**6,219**	**6,249**	**6,012**	**5,960**	**6,044**	**6,196**	**-23**	**-0.4%**
High Tech	168	161	151	163	155	169	1	0.6%
Tourism	605	616	598	587	573	583	-22	-3.6%
Secondary Manufacturing	184	181	166	162	156	163	-21	-11.4%

NORTH COAST & NECHAKO	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	22	22	26	30	32	41	19	86.4%
Other Primary	562	513	475	497	503	504	-58	-10.3%
Utilities	11	11	11	12	11	10	-1	-9.1%
Construction	400	401	401	415	420	407	7	1.8%
Manufacturing	113	108	105	101	96	103	-10	-8.8%
Transportation & Storage	295	276	263	261	252	271	-24	-8.1%
Trade	627	610	611	598	586	571	-56	-8.9%
Finance, Insurance & Real Estate	209	212	209	208	254	248	39	18.7%
Health & Education	303	297	291	291	292	304	1	0.3%
Public Administration	42	42	42	42	41	43	1	2.4%
Professional & Business Serv.	461	459	447	425	446	454	-7	-1.5%
Other Services	710	708	729	717	684	698	-12	-1.7%
Total	**3,755**	**3,659**	**3,610**	**3,597**	**3,617**	**3,654**	**-101**	**-2.7%**
High Tech	99	98	100	101	105	110	11	11.1%
Tourism	458	449	461	459	454	444	-14	-3.1%
Secondary Manufacturing	69	70	71	71	62	67	-2	-2.9%

NORTHEAST	2008	2009	2010	2011	2012	2013	2008-2013 Change #	2008-2013 Change %
Mining, Oil & Gas	362	369	367	305	345	350	-12	-3.3%
Other Primary	273	255	242	249	252	257	-16	-5.9%
Utilities	11	10	10	10	11	13	2	18.2%
Construction	547	533	543	531	562	617	70	12.8%
Manufacturing	63	69	65	58	63	78	15	23.8%
Transportation & Storage	433	426	411	413	448	496	63	14.5%
Trade	505	486	467	468	473	458	-47	-9.3%
Finance, Insurance & Real Estate	194	185	190	205	233	249	55	28.4%
Health & Education	237	223	223	209	223	234	-3	-1.3%
Public Administration	4	4	6	5	6	6	2	50.0%
Professional & Business Serv.	532	517	520	528	557	566	34	6.4%
Other Services	687	675	681	679	689	709	22	3.2%
Total	**3,848**	**3,752**	**3,725**	**3,660**	**3,862**	**4,033**	**185**	**4.8%**
High Tech	173	185	185	187	202	198	25	14.5%
Tourism	272	252	244	253	266	265	-7	-2.6%
Secondary Manufacturing	53	62	58	53	55	66	13	24.5%

Figures do not add to the total because the provincial total includes some businesses for which the region is unknown.

Source: BC Stats using data supplied by Statistics Canada

APPENDIX 2

BRITISH COLUMBIA SELF-EMPLOYMENT BY AGE AND GENDER (THOUSANDS)

Sex	Age	2008	2009	2010	2011	2012	2013	Growth 2008-2013
Both Sexes	**15 years and Over**	**422.7**	**439.2**	**432.3**	**421.5**	**418.6**	**416.5**	**-1.5%**
	15 - 24 years	11.5	13.0	13.1	12.9	11.7	9.6	-16.5%
	25 - 34 years	60.1	59.4	59.7	56.2	54.2	58.0	-3.5%
	35 - 44 years	103.3	108.1	96.5	90.0	86.9	86.6	-16.2%
	45 - 54 years	131.1	135.5	127.4	126.2	127.6	121.9	-7.0%
	55 - 64 years	85.1	93.6	96.2	99.4	98.7	101.5	19.3%
	65 years and Over	31.5	29.7	39.5	36.7	39.5	39.0	23.8%
Male	**15 years and Over**	**275.3**	**284.7**	**274.8**	**263.3**	**261.5**	**259.4**	**-5.8%**
	15 - 24 years	6.8	7.4	6.3	6.7	6.8	4.3	-36.8%
	25 - 34 years	37.4	38.4	38.8	33.1	33.3	36.7	-1.9%
	35 - 44 years	65.7	68.9	60.6	54.1	54.9	55.8	-15.1%
	45 - 54 years	85.7	86.9	79.8	80.4	77.9	74.9	-12.6%
	55 - 64 years	56.5	61.3	60.6	62.8	61.5	63.0	11.5%
	65 years and Over	23.1	21.7	28.7	26.1	27.0	24.7	6.9%
Female	**15 years and Over**	**147.4**	**154.6**	**157.5**	**158.2**	**157.1**	**157.1**	**6.6%**
	15 - 24 years	4.7	5.5	6.8	6.2	4.9	5.2	10.6%
	25 - 34 years	22.7	21.0	20.9	23.1	20.9	21.3	-6.2%
	35 - 44 years	37.6	39.1	35.9	35.9	32.0	30.8	-18.1%
	45 - 54 years	45.4	48.6	47.6	45.8	49.8	47.0	3.5%
	55 - 64 years	28.5	32.3	35.6	36.5	37.2	38.5	35.1%
	65 years and Over	8.5	8.0	10.7	10.6	12.5	14.3	68.2%

Note: Includes unpaid family workers

Source: Statistics Canada

Ministry of Jobs,
Tourism and Skills Training
Small Business Branch
Box 9822 Stn Prov Govt
Victoria, BC V8W 9N3
p. 250.387.4699 | f. 250.925.0113
www.gov.bc.ca/jtst

BC Stats
553 Superior St., Box 9410 Stn Prov Govt
Victoria, BC V8W 9V1
p. 250.387.0327 | f. 250.387.0380
www.bcstats.gov.bc.ca
BC.Stats@gov.bc.ca
Twitter: @BCStats

Aboriginal Business Service Network
Business information and resources for Aboriginal entrepreneurs
1.250.828.9833
www.absn.ca

BizPaL Business Permits and Licences
Online tool to quickly and easily identify permit and licensing requirements for business activities
bizpal@gov.bc.ca
www.bcbizpal.ca

Canada Business
The Government of Canada's main site for business information
1.888.576.4444
www.canadabusiness.ca/eng/

Community Futures British Columbia
Business counselling and assistance for new and existing businesses in rural British Columbia
1.604.685.2332
www.communityfutures.ca/index.html

FrontCounter BC
Single window service for clients of provincial natural resource ministries and agencies to obtain information and authorizations needed to start or expand a business
1.877.855.3222
www.frontcounterbc.gov.bc.ca

Futurpreneur
A national non-profit organization dedicated to growing our nation's economy one young entrepreneur at a time. Futurpreneur offers entrepreneurs four fully integrated services that are built around the 'life cycle' of a young entrepreneur, helping to ensure the success of every new start-up
1.866.646.2922
www.futurpreneur.ca

La Société de développement économique
The Francophone Economic Development Organization enhances the vitality of minority language communities and assists with economic development
1.877.732.3534
www.sdecb.com

OneStop Business Registry
Online business registration and change of business address
1.877.822.6727
www.bcbusinessregistry.ca

ServiceBC
Province-wide access to government services including key government transactions for business
1.800.663.7867 (Enquiry BC) to be transferred to the nearest Service BC Contact Centre
www.servicebc.gov.bc.ca

Small Business BC
Comprehensive business information and business planning resources for starting and growing a business in British Columbia
1.800.667.2272
www.smallbusinessbc.ca

Tradestart
Business information on becoming export ready
1.866.926.5545
www.tradestart.ca

Women's Enterprise Centre
Business information counselling and skills training for women entrepreneurs
1.800.643.7014
www.womensenterprise.ca

Work BC
WorkBC is the provincial government's access point to the world of work in British Columbia. It was created with one key goal – to help all British Columbians to successfully navigate B.C.'s labour market
1.877.952.6914
www.workbc.ca

Western Economic Diversification Canada
Western Economic Diversification Canada works to strengthen western innovation, business development, and community economic development
1.888.338.9378
www.wd.gc.ca

BRITISH COLUMBIA | Ministry of Jobs, Tourism and Skills Training

BRITISH COLUMBIA | BCStats